Zagazig University  Second Semester of 2012/ 2013  
Faculty of Commerce  Department: Accounting  
English Section Program  Course: Cost Accounting Principles  
Final Exam - New Plan  Instructors: Prof. Dr. Naim F. Hanna  
Time Allowed: Three Hours  academic year: 3rd year  
Maximum Points: 80 Points  Date: Saturday .22, Dec.2012

Answer the following questions showing all computations or calculations that may be necessary to approve your answers.  
Q.1 ........................................................................................................ (20 points)

The following information is belonging to an industrial company which has two service departments (Building (B), general factory administration (G) and two producing departments (Assembly (A), Finishing (F)).

<table>
<thead>
<tr>
<th>Particulars</th>
<th>Service Departments.</th>
<th>Producing Departments</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>B</td>
<td>G</td>
</tr>
<tr>
<td>Total Indirect Costs ( $ )</td>
<td>20,000</td>
<td>15000</td>
</tr>
<tr>
<td>Statistical data:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Machine hours</td>
<td>--</td>
<td>--</td>
</tr>
<tr>
<td>Square feet</td>
<td>10,000</td>
<td>9000</td>
</tr>
<tr>
<td>Labor hours</td>
<td>20,000</td>
<td>10000</td>
</tr>
</tbody>
</table>

Required: You are required to:
(1) Allocate the service departments costs using the Step Down (The sequential) Method.
(2) Compute the Factory Overhead Rate for the two Producing Departments.
(3) Compute the total cost of Job- Order #101 which has the following information:
   - Costs of Direct Materials used in this job order $7,500
   - Costs of Direct Labor consumed in this job order $8,500
   - Machine hours for this Job order are:
     In Assembly Department (A) 1000 hours
     In Finishing Department (F) 500 hours

Q.2 ........................................................................................................ (20 points)

The following information is related to the factory overhead costs in the New Yorker Corporation for the accounting period ended 31/12/2011

Estimated data:
(1) The estimated factory overhead for the period...$ 2,000,000  
(2) Total units of production& Sales ................. 500,000 units  
(3) Machine hours ........................................250,000 hours

Actual data:
(1) Total actual factory overhead ......................$ 1,500,000  
(2) Actual units produced ................................450,000 units  
(3) Actual machine hours ................................200,000 hours  
(4) Cost of goods sold ....................................$1,500,000  
(5) WIP inventory .........................................$ 750,000  
(6) Finished goods inventory ...........................$ 250,000

Required:
(a) Compute the factory overhead application rate using the available bases.
(b) If the company uses the machine hours as a base to compute the application rate, you are required to:

1. Compute the applied FOH.
2. Compute the underapplied or overapplied FOH.
3. Allocate the underapplied or overapplied FOH.
4. Journalize the above transactions.

Q.3 ......................................................................................................................... (20 points)

The Egyptian-American manufacturing company has the following information related to two sequential periods:

<table>
<thead>
<tr>
<th></th>
<th>Period 1 (Jan.)</th>
<th>Period 2 (Feb.)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Beginning inventory (finished goods)</td>
<td>5000</td>
<td>??</td>
</tr>
<tr>
<td>Ending inventory (finished goods)</td>
<td>??</td>
<td>??</td>
</tr>
<tr>
<td>Units of Production</td>
<td>10000</td>
<td>12000</td>
</tr>
<tr>
<td>Units of Sales</td>
<td>14000</td>
<td>11000</td>
</tr>
<tr>
<td>Selling price per unit</td>
<td>$25</td>
<td>$25</td>
</tr>
<tr>
<td>Total variable cost per unit</td>
<td>$15</td>
<td>$15</td>
</tr>
<tr>
<td>Total Fixed factory overhead</td>
<td>$45000</td>
<td>$45000</td>
</tr>
<tr>
<td>Selling and administrative expenses (fixed)</td>
<td>$10000</td>
<td>$10000</td>
</tr>
</tbody>
</table>

Required: if you learn that the maximum attainable (Normal) capacity for the company is 15000 units, you are required to:

1. Prepare the income statement for both periods under the:
   (a) Direct (or Variable) Costing method.
   (b) Absorption Costing (or Full) method.

2. Account for the difference in net earnings between the two periods.

3. If the firm used direct costing in its formal accounting records, what adjustments are necessary for external reporting?

Q.4 ......................................................................................................................... (10 points)

Journalize the following transactions:

1. A company’s day shift rate is $10 per hour, and the night shift rate is $12 per hour. A production employee worked a 40-hour week on the night shift.

2. Purchases of raw materials $1200. Issued materials $1250 (of which $250 Indirect materials), beginning inventory $300.

Q.5 ......................................................................................................................... (10 points)

The following cost information is available for the period ended Dec.31, 2011:

- Materials put into production: $150,000 of which $100,000 was for direct materials.
- Factory labor costs for the period: $200,000 of which $50,000 was for indirect labor.
- Factory overheads cost for utilities: $50,000.
- Selling, general, and administrative expenses: $30,000.

Required: compute the following:

A. Prime costs
B. Conversion costs.
C. Product costs.
D. Period costs.

Best Wishes

Prof. Dr. N.F. Hanna